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The geek shall inherit the earth?

Capacity and capability to commission and deliver Payment by Results (PbR)

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PbR pilots commissioned by the MoJ

- **HMP Peterborough Social Impact Bond** – Social Finance, Sodexo, St Giles Trust et al
- **HMP Doncaster PbR pilot** – Serco and Catch 22
- **Local Justice Reinvestment Pilot** – 6 sites (Greater Manchester and 5 London Boroughs)
- **Youth Justice Reinvestment Custody Pathfinder** – 4 sites Year 1; 2 sites in Year 2

Transforming rehabilitation...



What is PbR designed to do – for the commissioner?

- PbR transfers risk away from the government/commissioner towards the service provider - specifically from the **public sector** to the private and/or voluntary and community sector
- Payment may be deferred or 'clawed back'
- Incentivise the delivery of more cost effective services – deliver better outcomes at reduced cost
- Reduce costs
- Reduce offending/re-offending

Ministry of Justice (2010), Fox and Albertson (2011)

What is PbR designed to do – for service providers?

- Service providers are free of bureaucracy, micro-management and are able to focus on delivering better services
- Incentivise innovation
- Encourages new market entrants - VCS and private sector and/or new consortia of public sector/VCS/private sector, including small and specialist VCS and social enterprise providers
- Reduce offending/re-offending

Ministry of Justice (2010), Fox and Albertson (2011)

Transfer of risk?

Outcome measures – HMP Doncaster

- All prisoners discharged from HMP Doncaster from October 2011
- A binary measure of reoffending within the first twelve months of release
- Reducing reoffending by 5% compared to baseline period

Hitchens and Pearce (2014)

Outcome measures – Pathfinder (demand reduction)

- Reduction in number of custody bed nights for offenders under the age of 18 – a bespoke figure calculated for each area of between 10% and 20%, from an agreed 2010/11 baseline.
- Overall, Pathfinder aimed to reduce the use of custody (measured via bed nights) by approximately 60 beds

Wong, Meadows, Warburton, Webb, Ellingworth, Bateman 2013

Outcome measures – Peterborough (reoffending)

- Short term prisoners (under 12 month custodial sentence)
- 3 cohorts of 1000 prisoners
- The length of time to form each cohort will be determined by the time required for 1,000 unique short-sentence prisoners to be released from HMP Peterborough, but will not be longer than 24 months per cohort. Therefore, the cohort may be less than 1,000 should not enough prisoners be released from HMP Peterborough over the 24-month period.
- MoJ will pay the investment vehicle a fixed unit payment for each reduced conviction event in a SIB cohort less than a matched baseline cohort, providing the reduction in conviction events in the SIB cohort is at least 10%. If a 10% reduction is not achieved for any of the three cohorts, payment will be made if a 7.5% reduction is achieved at the end of the pilot across all cohorts together
- Independent Assessor appointed to develop PSM methodology to define a Comparison Group to reduce pre-existing differences on measured variables between those released from HMP Peterborough and those released from 'other prisons

Outcome measures – Local Justice Reinvestment (cost of demand reduction)

Cohort	Metric	(Ministry of Justice 2013)
Adult	Conviction count for custodial sentences of less than 12 months Conviction count for community orders (CO) and suspended sentence orders (SSO) Conviction count for all non-custody and non-court order sentences Total months sentenced for custodial sentences of less than 12 months Total requirements sentenced by requirement type for COs and SSOs: <ul style="list-style-type: none">- Accredited programme- Unpaid work- Drug treatment- Supervision- Specified activity- Mental health- Alcohol treatment- Residence- Exclusion- Prohibited activity- Attendance centre- Curfew (EM tagging)	
Youth	Conviction count for custodial sentences of less than 2 years Conviction count for community orders (CO) Conviction count for all non-custody and non-court order sentences Total months sentenced for custodial sentences of less than 2 years	

Capacity and capability of commissioners and providers to provide and analyse data is critical for setting outcomes and monitoring performance

Better outcomes at reduced cost?

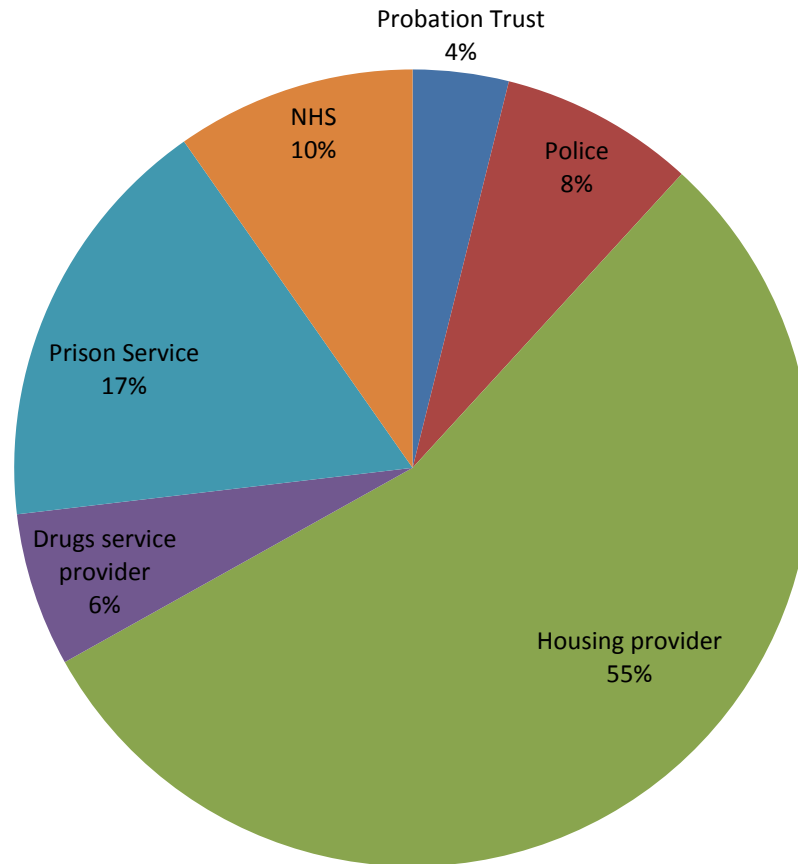
Cashability

- What savings can be derived from outcomes delivered through the criminal justice system?
- Where do those savings fall?

Fox, Albertson, Wong (2013)

Proportion of costs incurred by different local agencies

*Total costs incurred
by an offender over
a 12 month period
= £60,598*



Fox (2012)

Cashability? – Local Justice Reinvestment

Cohort	Metric	Measure	Price
Adult	Custody convictions	Conviction count for custodial sentences of less than 12 months	£440
	Custody months	Total months sentenced for custodial sentences of less than 12 months	£360
	Court order convictions	Conviction count for community orders and suspended sentence orders	£440
	Court order requirements	Total requirements given to offenders by requirement type:	
		- Accredited programme	£430
		- Unpaid work	£290
		- Drug treatment	£270
		- Supervision	£270
		- Specified activity	£230
		- Mental health	£220
		- Alcohol treatment	£170
		- Residence	£150
		- Curfew	£550
		- Exclusion	£150
		- Prohibited activity	£150
		- Attendance centre	£190
	Other convictions	Conviction count for non-custody and non-court order sentences	£300

(Ministry of Justice 2013)

Pathfinder – cashability?

Cashable/realisable ‘saving’ - average weighted bed price across the secure youth estate, i.e. Young Offender Institution (YOI), Secure Training Centre and Secure Children’s Home (Youth Justice Board 2010)

Scale: At least 50 young people in custody at any one time

(Youth Justice Board 2011)

HMP Peterborough and HMP Doncaster – cashability?

HMP Peterborough - payment for each reduced reconviction event – sum undisclosed, Disley and Rubin (2014)

HMP Doncaster: Sum at risk – not known.

Scale & commissioning/jurisdictional structures

- Need for **scaleable interventions** which are proven to be cost effective
- **Geographical scale** or a **sufficient population/throughput** of offenders which would allow scaleable interventions to deliver savings
- **Operational co-terminosity** between key CJS agencies – Police, Probation, Courts, PCC, Prisons (relative co-terminosity)
- **Commissioning co-terminosity** – finding the right level

Wong, Meadows, Warburton, Webb, Young, Barraclough (2013)

Service providers free of
bureaucracy, micro-management
and able to focus on delivery of
better services

PbR is unforgiving of mediocre
and poor delivery?

Capability of commissioners

Commissioning

- Be able to set an outcome measure that is achievable (requires data analysis capacity and capability)
- Be able to write flexibility into the contract to address unforeseen events (e.g. disturbances)
- Balancing risk with achievability
- Having access to outcome data on which the contract is based??

Facilitating and supporting delivery?

- Is it the role of commissioners to ensure capacity and capability to deliver?

Incentivising innovation?

Defining innovation?

- **Change** – alteration to methods, delivery or outcome
- **‘Original’** – possessing ‘newness’
- **‘Programmed’** – purposeful with a defined objective

(Innes 2013)



New market entrants?

New market entrants?

Pilot	Findings
LJR (Wong et al 2013a)	<ul style="list-style-type: none">• VCS in part, in 2 sites
Pathfinder (Wong et al 2013b)	<ul style="list-style-type: none">• No
Peterborough (Disley & Rubin 2014)	<ul style="list-style-type: none">• No
Doncaster (Hitchens and Pearce 2014)	<ul style="list-style-type: none">• No

Have they achieved the
outcomes?

Pathfinder – Year 1 Results

	No. of custody bed nights Baseline Year (Apr 2010 to Mar 2011)	Target number of custody bed nights in Year Two (Oct 2012 to Sept 2013)	Target percentage reduction of custody bed nights in Year Two (Oct 2012 to Sept 2013)	No. of custody bed nights in Year One (Oct 2011 to Sept 2012)	Percentage change between Year One and the baseline
Site 1	47,157	37,725	-20%	34,938	-26%
Site 2	20,262	17,871	-12%	21,086	+4%
Site 3	50,069	44,061	-12%	57,324	+14%
Site 4	27,649	22,396	-19%	33,934	+23%

(Wong et al 2013b)

Local Justice Reinvestment - Changes in the cost of criminal justice demand across the pilot sites, Greater London and England and Wales in Year One and Year Two (MoJ 2012, 2013)

	Year One (July 2011 to June 2012)			Year Two (July 2012 to June 2013)		
	Change in cost of demand (adult) %	Change in cost of demand (youth) %	Payment due (000)	Change in cost of demand (adult) %	Change in cost of demand (youth) %	Payment due (000)
Greater Manchester	-8.4	-21.1	£2,670	-14.9	-42.1	£4,986
Croydon	8.1	6.7	£0	-0.9	6.7	£0
Hackney	-7.5	N/A	£189	-20.1	N/A	£659
Lambeth	4.9	13.4	£0	-17.7	-45.9	£737
Lewisham	-6	-20.0	£249	-18.1	-53.1	£792
Southwark	-12.5	-29.2	£514	-26.7	-50.0	£844
Greater London	-5.1	0.1	N/A	-13.4	-28.3	N/A
England and Wales	-4.5	-13.0	N/A	-10.5	-36.8	N/A

Peterborough results

- Frequency of reconvictions for the Peterborough cohort 1 is **8.4%** lower than the matched national control group
- **Not achieved** the 10% reduction target for cohort 1
- **'On track'** to achieve the 7.5% reduction for the combined Year 1 and Year 2 cohort

MoJ (2014)

Doncaster results

Release period	Number of offenders	Reconviction rate
Oct 06-Sept 07	1,353	58.2%
Oct 07-Sept 08	1,178	61.3%
Oct 08 –Sept 09	1,254	57.8%
Jan 09 – Dec 09	1,282	58.0%
Oct 09-Sept 10	1,245	55.8%
Oct 10-Sept 11	1,275	53.4%
Oct 11- Sept 12	1,281	52.2%

MoJ (2014)

What about TR?

CRC payment and outcome measurement....

MoJ (2014)

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